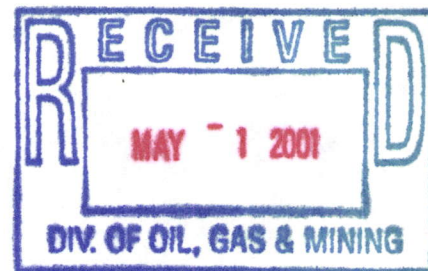


M/047/007
007**SF PHOSPHATES LIMITED COMPANY****A UTAH LIMITED LIABILITY COMPANY**

9401 N Highway 191

Vernal, UT 84078

801-789-7795

**Fax Cover Sheet**DATE: May 1, 2001 TIME: 8:25TO: Tony Gameros PHONE: _____COMPANY NAME: NOGM FAX: 801-359-3940FROM: R Ryan PHONE: 435-781-3348FAX: 801-789-2944 435-781-3332

RE: _____

CC: _____

Number of pages including cover sheet: 7

Message:



4-30-2001

Tony,

Quick responses to your comments on the information supplied for the bond recalculation are provided according to the paragraph number. Let me know if you need a more formal response on any or all of the questions, or if you need further clarification.

- 1) The reduced seeding rate was suggested by Lynn Kunzler during a phone conversation regarding aerial seeding and organic amendments.
- 2) The \$248/acre rate for tails reclamation in Figure 1 is broken down on the attached spreadsheet. Costs for seed application, mulch and regrading are included. I apologize for not including this table in the 4-11 correspondence.
- 3) The 313.9 acres mining disturbance is the balance as per the January 2001 Reclamation Progress Map (Figure 2). The 147.8-acre figure for reclaimed acres was also derived by summing all parcels in this category from figure 2. The \$229 per acre figure for 'mining reclaimed' reclamation includes post- topsoil activities only and was calculated using DOGM production and cost/hour rates as follows:

Task	Acres	Acres/day	Days	\$/hour or \$/acre	Cost
Seed and fertilizer application	147.8	10	14.78	\$104.65/hour	\$12,373.82
Seed mix	147.8			\$106/acre	\$15,666.80
Fertilizer	147.8			\$38	\$5,616.40
Total					\$33,657.02

= approximately \$248/acre

No adjustment was made for lower seed cost \$93/acre per quote, or for removing chelated copper from the fertilizer mix.

The \$248/acre figure for tailings pond-impounded material reclamation is explained above.

The 345 acre figure used in the 1995 Bond included the entire maximum extent of pond disturbance permitted at the time. That is; this number represents the disturbed acreage at the 5960' water level elevation. The 317 acres currently proposed is the maximum tails area disturbed after 5 additional years of facility usage, or the acreage disturbed at the 5955' water elevation. The derivation of the 317 acre number was hopefully explained in the 4-11 correspondence.

- 4) The acreages used in Figure 1 to represent the maximum bond liability are reasonable estimates based on 1) current and anticipated production rates, 2)

conservative disturbance and reclamation acreage estimates supported by historic acreage numbers, and 3) existing mine plans and continued integration of concurrent mining practices. The acreage totals here are derived in the same manner as those used for the existing bond: existing disturbance acreage plus three years future mining disturbance. The three year period was proposed and accepted by DOGM because of the concurrent reclamation practices. The table presented as figure 3 demonstrates the liability through the bond period under less than optimal conditions and a bond surplus of \$1,144,413 - \$1,212,778 or \$128,365. Additionally, DOGM performs site inspections annually and requires a report of operations at the end of each calendar year. Both of these events provide the opportunity to compare the predicted (bonded) disturbance acreages to the actual disturbance acreages. Figure 3 can be updated with each annual report to allow a projection of bond liability based on actual disturbance acres and a comparison with the total bond liability dollar figure.

- 5) Contouring was omitted in the 10-31-2000 estimate. I concurred with that assessment, so no confirmation was offered. These facilities are situated on gentle slopes such that building demolition and removal will provide adequate surface roughening and reconfiguration.
- 6) Regrading was included in the estimate for Tailings Pond – Impounded Material. The attached spreadsheet used to calculate the cost per acre uses the \$8140 total cost previously indicated by DOGM.
- 7) No comment was offered in regard to topsoil spreading in the noted areas because I concurred with the omission. Much of the area noted was disturbed prior to reclamation requirements, such that no topsoil was stockpiled. The volume of topsoil required would be difficult to locate, and only marginally improve vegetation success. Revegetation efforts historically performed on areas lacking topsoil or fertilization have proven successful. Fertilization is included in the estimate and should result in increased vegetation density.
- 8) Again, we concur with the division's assessment on pipeline reclamation. The decommissioning tasks appear appropriate, and the acreage is probably greatly overestimated. Reclamation of the pipeline will include capping the line and removal of surface signage and monitoring apparatus. Much less than 2.5 acres is anticipated and topsoil is already available on the previously reclaimed line.
- 9) The estimate for demolition costs provided in previous bond estimates and referred to in DOGM's 10-20-2000 draft used breakouts of tasks, crews and hours estimates, including welders, to arrive at a total cost estimate. I have not researched to determine if welding equipment or supplies was included. However, the estimate currently in submission is based on Means costs, which are figured per building area or volume using typical crews and equipment. The two

approaches would ostensibly be mutually exclusive. Although Means does not include welders or equipment for demolition, their estimates are based on projects large enough to account for these tasks.

10) Ok, if you insist.

11) Attached is the estimate from Grant Mackay. Although reinforcement is not specifically noted it was discussed in the phone conversation. The shear to be used can apparently be operated with reinforcement. If you need additional information, please let me know.

The demolition cost estimates used the cost location factor for Price, Utah was because Price is the closest point listed and is considered to be most similar in economic characteristics to Vernal. The adjustment value (57.6) was obtained from page 444 of the 2001 RSMeans Heavy Construction Cost Data Guide(copy included). This value was the 'installation' rate as opposed to 'materials' or total rates because no materials are necessary for demolition.

Ron Ryan

Reclamation Surety Estimate - REVISED
SF Phosphates Limited Company
Tailings Impoundment Facility
609 Total Acres

Event	RATE	COST/ UNIT	UNITS	EVENT COST	NOTES
Initial Hydroseeding					
Hydroseeder		\$ 930.00	0 acres	\$ -	Includes mob and demob, application, mulch and tacifier estimate attached
Includes: Hydroseeder					
Wood fiber mulch	1500 lbs/ac				
Tacifier					
Aerial Seeding					
Seed		\$ 12.00	609 acres	\$ 7,308.00	cost rate based on 50 acres per each application
Event total		\$ 15.60	609 acres	\$ 9,500.40	nurse crop mix - estimate attached. Application rates changed per L. Kunzler
		\$ 27.60		\$ 16,808.40	
Regrading					
Dozer time					
CAT D-8 dozer		\$ 140.00	30 hours		hourly rate estimate attached creation of 10 mounds approximately 100 ft diameter and 10 ft in height 100 yd ³ material to be moved per mound estimate: rate = 600 yd ³ /hr (Cat manual) assume: 150 ft push distance .75 average operator ability factor 1.2 loose material factor 0.67 40 min/hr operator efficiency 1 negligible grade factor
Event total		\$ 0.84	9691 yd ³	\$ 8,140.44	PER DOGM
		\$ 13.37	609 acres	\$ 8,140.44	
Final Crop					
Till/plow nurse crop		\$ 55.00	609 acres	\$ 33,495.00	estimate attached use farm implements
Fertilizer		\$ 38.47	609 acres	\$ 23,428.23	estimate attached
Phosphorus					
Potassium					
Nitrogen					
chelated copper					
Reseeding		\$ -	609 acres	\$ -	estimate attached included with till/plow nurse crop
Seed use drill		\$ 58.44	609 acres	\$ 35,589.96	Final crop mix - estimate attached, rates halved per L. Kunzler
Mulch @ 1 ton/acre		\$ 60.00	609 acres	\$ 36,540.00	
Mulch application		\$ 35.72	609 acres	\$ 21,753.48	D-4 per DOGM
Event total		\$ 247.63	acre	\$ 150,806.67	

Mar 30 01 11:18a

G T MACKAY CO

801 6466

p. 1



March 30, 2001

Mr. Ron Ryan
SF Phosphates Limited Company
9401 North Highway 191
Vernal, UT 84078

Dear Mr. Ryan:

Listed are the prices for the removal of the concrete slabs per your request.

1' THICK CONCRETE SLAB TO REMOVE: \$2.25 SF

2' THICK CONCRETE SLAB TO REMOVE: \$4.50 SF

These prices are based on costs for 2001.

Regards,

Grant Mackay

Location Factors

STATE/ZIP	CITY	MAT.	INST.	TOTAL	STATE/ZIP	CITY	MAT.	INST.	TOTAL
TEXAS (CONTD)					WISCONSIN (CONTD)				
788	Del Rio	98.2	37.0	68.4	538	Lancaster	96.9	82.5	89.9
789	Giddings	95.2	47.7	72.1	539	Portage	95.2	97.8	96.5
790-791	Amarillo	98.4	62.3	80.8	540	New Richmond	96.9	93.6	95.3
792	Childress	97.9	57.9	78.4	541-543	Green Bay	100.4	93.3	97.0
793-794	Lubbock	100.3	59.3	80.4	544	Wausau	96.1	93.1	94.6
795-796	Abilene	97.7	54.9	76.9	545	Rhinelander	99.5	89.3	94.5
797	Midland	101.1	56.6	79.4	546	La Crosse	96.6	93.5	95.1
798-799,885	El Paso	97.7	58.6	78.7	547	Eau Claire	98.6	93.3	96.0
UTAH					548	Superior	96.8	96.9	97.8
840-841	Salt Lake City	101.1	77.4	89.6	549	Oshkosh	96.7	90.7	93.8
842-844	Ogden	99.6	77.3	88.7	WYOMING				
843	Logan	101.8	77.3	89.9	820	Cheyenne	100.6	61.4	81.5
845	Price	102.4	57.6	80.6	821	Yellowstone Nat'l Park	100.9	55.1	78.2
846-847	Provo	102.1	77.2	90.0	822	Wheatland	101.7	54.3	78.7
VERMONT					823	Rawlins	103.3	50.3	77.5
050	White River Jct.	99.8	42.9	72.1	824	Worland	100.8	50.7	76.4
051	Bellows Falls	98.2	46.6	73.1	825	Riverton	102.0	53.9	78.6
052	Bennington	98.5	42.6	71.3	826	Casper	100.3	63.9	82.6
053	Brattleboro	99.0	46.9	73.6	827	Newcastle	100.5	50.3	76.1
054	Burlington	101.0	69.2	85.5	828	Sheridan	101.6	59.2	81.0
056	Montpelier	98.2	69.1	84.0	829-831	Rock Springs	105.3	50.7	78.7
057	Rutland	100.1	69.2	85.1	CANADIAN FACTORS (reflect Canadian currency)				
058	St. Johnsbury	100.0	49.5	75.4	ALBERTA				
059	Guildhall	98.4	48.9	74.3		Calgary	111.8	80.9	96.8
VIRGINIA						Edmonton	111.8	80.8	96.7
220-221	Fairfax	97.7	81.6	89.9		Fort McMurray	110.4	80.8	96.0
222	Arlington	98.4	81.4	90.1		Lethbridge	110.5	80.9	96.1
223	Alexandria	97.3	83.5	90.6		Lloydminster	110.4	80.8	96.0
224-225	Fredericksburg	96.2	73.1	84.9		Medicine Hat	110.5	80.9	96.1
226	Winchester	97.0	60.9	79.5		Red Deer	110.2	80.9	96.0
227	Culpeper	96.7	62.0	79.8	BRITISH COLUMBIA				
228	Harrisonburg	97.1	54.1	76.2		Kamloops	110.6	97.3	104.2
229	Charlottesville	97.3	65.2	81.7		Prince George	114.1	97.3	106.0
230-232	Richmond	97.5	70.1	84.2		Vancouver	113.7	100.5	107.3
233-235	Norfolk	97.8	66.6	82.6		Victoria	114.1	97.3	106.0
236	Newport News	97.2	66.4	82.2	MANITOBA				
237	Portsmouth	96.4	66.1	81.6		Brandon	111.9	81.5	97.1
238	Petersburg	97.1	70.1	84.0		Portage la Prairie	111.1	81.5	96.7
239	Farmville	96.5	48.3	73.1		Winnipeg	110.8	81.5	96.5
240-241	Roanoke	97.3	53.4	75.9	NEW BRUNSWICK				
242	Bristol	96.2	52.5	74.9		Bathurst	109.9	72.0	91.5
243	Pulaski	95.9	47.7	72.4		Dalhousie	109.9	72.0	91.5
244	Staunton	96.7	52.4	75.1		Fredericton	110.6	77.2	94.4
245	Lynchburg	96.7	55.8	76.8		Moncton	109.5	72.0	91.3
246	Grundy	96.2	47.7	72.6		Newcastle	109.9	72.0	91.5
WASHINGTON						Saint John	110.9	77.2	94.5
980-981,987	Seattle	103.8	104.9	104.4	NEWFOUNDLAND				
982	Everett	104.1	101.4	102.8		Corn Brook	115.9	71.5	94.3
983-984	Tacoma	103.7	102.0	102.9		St. John's	115.9	71.5	94.3
985	Olympia	103.6	102.0	102.8	NORTHWEST TERRITORIES				
986	Vancouver	106.1	101.1	103.7		Yellowknife	108.1	73.3	91.1
988	Wenatchee	104.9	91.2	98.3	NOVA SCOTIA				
989	Yakima	104.2	95.9	100.2		Dartmouth	111.0	79.5	95.7
990-992	Spokane	108.3	87.8	98.3		Halifax	111.0	81.0	96.4
993	Richland	108.4	90.1	99.5		New Glasgow	111.0	79.5	95.7
994	Clarkston	107.6	89.6	98.8		Sydney	108.2	79.5	94.3
WEST VIRGINIA						Yarmouth	111.0	79.5	95.7
247-248	Bluefield	95.0	85.1	90.2	ONTARIO				
249	Lewisburg	96.5	86.2	91.5		Barrie	115.7	98.1	107.2
250-253	Charleston	97.2	91.6	94.4		Brantford	113.5	103.9	108.8
254	Martinsburg	96.5	56.1	76.8		Cornwall	114.1	99.2	106.8
255-257	Huntington	97.4	96.0	96.7		Hamilton	113.8	102.8	108.4
258-259	Beckley	94.7	89.2	92.0		Kingston	114.1	98.9	106.7
260	Wheeling	97.6	93.1	95.4		Kitchener	108.4	97.4	103.0
261	Parkersburg	96.4	95.4	96.0		London	112.8	99.7	106.4
262	Buckhannon	96.4	91.7	94.1		North Bay	113.5	97.0	105.5
263-264	Clarksburg	96.8	91.7	94.3		Oshawa	113.6	100.3	107.1
265	Morgantown	96.9	91.7	94.4		Ottawa	114.6	99.9	107.4
266	Gassaway	96.2	92.2	94.2		Owen Sound	115.8	96.6	106.5
267	Romney	96.2	87.2	91.8		Peterborough	113.5	99.0	106.4
268	Petersburg	96.2	90.1	93.2		Samia	112.7	104.6	108.8
WISCONSIN						St. Catharines	107.3	97.3	102.4
530,532	Milwaukee	99.2	101.6	100.3		Sudbury	107.2	97.0	102.3
531	Kenosha	99.4	101.0	100.2					
534	Racine	98.6	101.3	99.9					
535	Beloit	98.5	97.5	98.0					
537	Madison	98.7	98.0	98.3					